Approved For Release 2008/01/09 : CIA-RDP80R01731R003400020041-2

[redacted] 25X1

SECRET

[redacted] 25X1

MAR 19 1952

PSYCHOLOGICAL OPERATIONS COORDINATING COMMITTEE

Intelligence Briefing

Attached for your information is a transcript of the intelligence briefing given in the meeting of March 10, by Mr. Mose Harvey of the Department of State.

Vincent P. Wilber
Executive Secretary

NSC REVIEWED AND HAS NO OBJECTION TO DECLASSIFICATION OF THIS DOCUMENT. 9/19/07

SECRET - [redacted] 25X1

State Dept. review completed

Approved For Release 2008/01/09 : CIA-RDP80R01731R003400020041-2

Approved For Release 2008/01/09 : CIA-RDP80R01731R003400020041-2

NSC REVIEWED AND HAS NO OBJECTION TO DECLASSIFICATION OF THIS DOCUMENT.
9/19/07

THE CHAIRMAN: Mr. Harvey

MR. HARVEY: Yes, sir.

In Korea, the negotiations themselves are about as deadlocked as they could possibly be. Practically all minor points have been cleared up and there remain only the three basic issues of voluntary repatriation, air field construction -- which incidentally hasn't been raised for some time -- and the matter of Soviet participation in inspection as a neutral. In the case of none of these are there any indications that the Communistsare willing to accept anything but their own position.

With the talks deadlocked, the Communists have hardened their position, both in conference discussions and outside. They have taken a very threatening position, there is no question of it. According to Radio Peiping the Communist delegate over the weekend pointed out to the UN side that while "the blood of our men on Koje Island is hardly dry, you are still carrying out various other tricks in connection with United States so-called voluntary repatriation." Radio Peiping then goes on and quotes the Communist delegate as having said that "as I have pointed out, these activities of yours show no consideration for the consequences and are most dangerous. We absolutely cannot tolerate these inhuman and barbarous acts. We absolutely cannot accept your so-called principle of voluntary repatriation which aims at retaining our prisoners." After this he was reported as having told the Americans to "stop immediately the lawlessness and the irresponsible rumor-mongering. Otherwise its investigations would go beyond their present scope and their prospects would be much endangered." The statement obviously comes close to being a threat -- although of what is still not clear.

Outside the conference discussions, of course, the Commies have built up their bacteriological war charges into a major campaign, and in it they have woven threats. The most alarming aspect of the campaign is a statement by Chinese Foreign Minister Chou En-lai, which is harder than any statement issued by the Chinese since the truce talks resumed last fall. It details alleged United States violations of the Chinese frontier for the purpose of dropping germ laden insects and then makes these sortsof comments:

"In view of the fact that the United States Government has repeatedly and openly intruded over Chinese territory, spread germ-bearing insects and indiscriminately bombed, strafed, and killed Chinese people, while at the same time it is delaying the Korean armistice negotiations and a peaceful settlement of the Korean question and attempting to prolong or extend the Korean war, I am authorized by the Central Peoples' Government

of the

Approved For Release 2008/01/09 : CIA-RDP80R01731R003400020041-2

Approved For Release 2008/01/09 : CIA-RDP80R01731R003400020041-2

of the People's Republic of China to protest solemnly against the most savage and brutal acts of aggression and provocation by the U. S. Government."

"The open and direct aggression against the People's Republic of China dates from June 27, 1950." After this the statement itemizes various alleged U. S. acts of aggression since June 1950, including, by the way, the action against Taiwan. Then, "these brutal crimes of the U. S. Government will never be tolerated by the Chinese people and will definitely suffer shameful failure." Then, it charges that the "United States is pursuing its objective of extending the Korean War, and undermining peace in the Far East. . . and the calamity befalling the peaceful people of Korea today will tomorrow be carried to the peaceful people of the whole world ... The People's Government of China hereby makes it known that the members of the American Air Force who invade China's territorial air and use bacteriological weapons will be dealt with as war criminals when captured."

A follow up editorial in the Peiping People's Daily -- that is the official Chinese Communist organ -- also contained reference to Taiwan, otherwise echoed Chou's threatening tone, as for example in the statement "The Chinese peoples will undoubtedly adopt measures to punish the vicious germ war ghouls with utmost severity. It is the sacred right of the Chinese people which they must insist on in order to uphold justice and safeguard their security and that of all mankind." Then, it charges that the U. S. "aim is to wreck the armistice and to prolong and extend the war." Finally it appeals to the other governments to bring pressure on the U. S. to abandon its "criminal activities and purposes."

Meantime, of course, there is less official prosecution of this campaign. All of this too is ominous in tone..

This marks a stance on the part of the Communists which they hitherto had refrained from taking, at least since the renewal of the talks after the break off last fall. It is clear that the Communists, regardless of what else they may have in mind, are attempting to bring pressure on our allies. Both Chou En-lai and the Peiping People's Daily editorial were very explicit on this point. For example Chou said that "the calamities befalling the peaceful people of Korea today will be carried to the peaceful people of the world tomorrow. Now is the time for the peace-loving people of the world to rise up and put an end to the maniacal designs of the United States Government." In turn the Peiping

People's Daily

Approved For Release 2008/01/09 : CIA-RDP80R01731R003400020041-2

Approved For Release 2008/01/09 : CIA-RDP80R01731R003400020041-2

People's Daily in its editorial said: "The governments of all satellite countries of the U. S. therefore face a critical test. They must express their attitude toward the daily increases of crimes on the part of the United States in wrecking the armistice talks in Korea, indiscriminately bombing Northeast China, spreading quantities of bacteria and extending the war of aggression. Each of the statements directs itself specifically toward our allies.

While the campaign may also be designed to rationalize an actual epidemic in North Korea, and possibly in Northeast China, it appears unlikely that this is a paramount objective. Measures have been taken in both areas, but so far there is not firm evidence that epidemics are occurring in either area. In any event, the nature of the campaign is such as to raise the serious possibility that the campaign is designe for something more than to put pressure on our allies and rationalization of epidemic. They could have in mind an attempt to frighten the U. S. into making concessions that would break the present impasse; that is, convincing us that we had better yield on the points still in dispute or risk a renewal of the war. They could also be preparing to renew a demand for Security Council consideration of the Korean situation. It is well to recall that the last position that the Russians took in the United Nations was that the talks had reached an impasse, and that they would stay deadlocked until such time as the Security Council took it up.

In this connection Malik was unexplainedly delayed two weeks in departing for the United States. He was scheduled to sail on one date, but it was actually two weeks later that he left. It is possible that his delay was due to preparations of a new demand for Security Council intervention in the talks. There have at least been a number of suggestive hints of such a development during the past several weeks. Meanwhile, of course, the nature of the campaign raises the possibility that it is designed to provide a propaganda cover for renewal of the fighting.

Turning to the internal Soviet scheme, the most important development during the past week is announcement of the 1952 budget. The Russians are interpreting the new budget, as you would expect, as a "peace" budget. They have characterized it as a "budget of peace and creative labor" while the budget of the United States is one of "war directed against the vital interests of the people."

As a matter of fact, the Soviet budget provides for a larger expenditure on armaments than any other peacetime budget in Soviet history, and the level in absolute terms is approaching the levels of the war years.

In his

Approved For Release 2008/01/09 : CIA-RDP80R01731R003400020041-2

Approved For Release 2008/01/09 : CIA-RDP80R01731R003400020041-2

In his speech before the Supreme Soviet on March 6, 1952, Soviet Finance Minister Zverev revealed that of record planned expenditures of 476.9 billion rubles, 113.8 billion rubles were being allotted to the Armed Forces. This constituted 23.9 percent of the total budget and represented an 18 percent increase over 1951. To this sum must be added approximately 35 billion rubles which are expended directly on the armed forces but which are included in other budget categories. Thus total appropriations for direct military purposes in 1952 will equal some 149 billion rubles, approximately 31 percent of the budget and over 20 percent of the gross national product of the USSR.

In addition to these direct expenditures on immediate military end uses, the greater part of planned investments for 1952 will go to expand facilities for the production of military items and facilities for production of basic materials required for support of the military establishment. Of 143.1 billion rubles to be invested in 1952, therefore, at least 100 billion will be devoted to increasing the Soviet military potential. Total expenditures for direct and indirect military purposes in 1952 will consequently equal some 249 billion rubles, 52 percent of the total national budget and 35 percent of the gross national product.

These figures are, if anything, conservative. The USSR is clearly expending as great an effort on military preparation as they can. At no time in their peacetime history have they devoted as much energy or as large a proportion of their total national effort to this end. OIR will make a preliminary report on the budget within the next few days.

There are two or three other items: The Communists have not exploited the Grow Diary generally. To date the only place that the Communist press has made any reference to it is East Germany; the satellites have not mentioned him. The Daily Worker, however, has picked it up. It is rather interesting that the first reference to it was on the day after the story broke here, but it was a Moscow story by mail, one sent in by Joseph Clark. This story must have deliberately been given to Clark by Soviet officials because there wasn't general knowledge in Moscow of the German book dealing with the diary. Today the Daily Worker ran an editorial on the diary. They treat it as you might expect; that is, they take General Grow's statements, which had to do with estimates of what the Soviet Union might do, and twist them around to present them as plans for United States aggression. For example, here is a quote "it seems to me that the time is ripe for a blow this year." Now, of course General Grow had reference to a Soviet blow this year, but the Worker puts it in terms of a United States blow this year. It went on to say, "Grow showed his fascist plans for aggressive treachery to U. S. Ambassador Kirk, Moscow. Grow notes that his plan for aggressive "action this year

Approved For Release 2008/01/09 : CIA-RDP80R01731R003400020041-2

Approved For Release 2008/01/09 : CIA-RDP80R01731R003400020041-2

(1951) or before July 1952, with all forms of warfare, including Europe, was read by Ambassador Kirk. Ambassador .... accepted our paper as sound and worthy of serious consideration." Actually, Grew was talking about "action" this year by the Soviet Union not of the U. S. That is indicative of how the Communists generally will treat the diary when they turn their full attention to it. They will take quotes which have to do with estimates of Soviet intentions and apply them to United States intentions and capabilities. But, so far, the Communists haven't launched a big campaign over the diary. On the upcoming Moscow Economic Conference the Communists insist everything is going very well. They say they are going to have 450 delegates. But the most interesting feature of development regarding the conference is that Moscow has openly revealed that Japan is a principal target. A great deal of their attention to the conference has been in terms of Japan, and their hope to get support in Japan.

They are continuing to play the Katyn massacre issue. As you will recall "Pravda" gave two-thirds of one day's issue to the Congressional Hearing. Since then other Soviet papers have continued to play it, associating it with alleged United States atrocities in Korea. They have run Katyn pictures side by side with pictures allegedly depicting United States atrocities in Korea.

They haven't reacted to the "Courier" as yet. They did analyze Truman's speech, but they did not specify what the "Courier" was for, particularly there was no reference in their domestic output about it. In their broadcast to North America they noted it was to serve "propaganda purposes," but didn't specify when or how.

THE CHAIRMAN: Thank you. Any questions for Mr. Harvey? I have one question, if I may: you referred to a piece of paper as likely to be circulating in a few days. To what extent will it give the breakdown of the Soviet budget that you were analyzing?

MR. HARVEY: To the best of our ability to put it together. It will be an analysis of the budget generally. I think it will be particularly useful in our information output regarding Soviet mobilization efforts.

THE CHAIRMAN: Will it show the total of war expenditures for defense expenditures and defense related expenditures as best you can determine them?

MR. HARVEY: Yes, sir.

MR. WISNER: I would like to ask a question about that particular point: have you been in touch with, or will you be in touch with our agency in connection with this paper?

MR. HARVEY:

Approved For Release 2008/01/09 : CIA-RDP80R01731R003400020041-2

Approved For Release 2008/01/09 : CIA-RDP80R01731R003400020041-2

MR. HARVEY: We normally do not attempt to get out a coordinated paper on this sort of thing. However, our people on the working level constantly exchange working information with them.

MR. WISNER: I would specifically recommend in this case you do this officially, and not unofficially, so as to be sure you have the benefit of what they have, and, secondly, so that we will avoid the possibility of two different, and to some extent conflicting analyses.

MR. HARVEY: We will certainly try, but we in OIR have always exercised primary responsibility for budget analysis.

MR. WISNER: I would like to request that these minutes of today's meeting be reproduced at the earliest possible date in order that various people who are working on certain aspects of those lines can have the benefit of Mr. Harvey's report.

THE CHAIRMAN: That will be done, gentlemen.

Approved For Release 2008/01/09 : CIA-RDP80R01731R003400020041-2